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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-2904

First Western Financial Corporation
(Exact name of registrant as specified in its charter)

Delaware — 88-0085953
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

2700 West Sahara Avenue, Las Vegas, Nevada — 89102
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (702) 871-2000

Former name, former address and former fiscal year, if changed since last report.

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X. No _____.

Number of shares of common stock outstanding at August 11, 1992: 6,213,903

Total number of pages contained in this document: 13

FIRST WESTERN FINANCIAL CORPORATION

FORM 10-Q

June 30, 1992

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

Interim financial statements required by this item are included as follows:

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FIRST WESTERN FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENT OF CONSOLIDATED FINANCIAL CONDITION AS OF JUNE 30, 1992 AND DECEMBER 31, 1991
(In thousands, except share data) (Unaudited)

ASSETS	June 30, 1992	December 31, 1991
CASH AND DUE FROM BANK	$ 21,533	$ 14,461
FEDERAL FUNDS SOLD	51,128	9,876
INVESTMENT SECURITIES (Market Value - $36,330 at June 30, 1992, and $44,421 at December 31, 1991)	35,081	42,765
LOANS RECEIVABLE, Net	346,472	388,141
LOANS HELD FOR SALE - At lower of cost or market (Note 3)	3,898	26,765
MORTGAGE-BACKED SECURITIES, Net (Market Value - $213,380 at June 30, 1992, and $247,883 at December 31, 1991)	216,281	248,685
REAL ESTATE OWNED	18,733	26,672
INTEREST RECEIVABLE	5,838	7,290
PREMISES AND EQUIPMENT, Net	12,751	12,164
INVESTMENT IN FEDERAL HOME LOAN BANK STOCK - at cost	6,377	8,779
GOODWILL	63	441
INCOME TAXES RECEIVABLE	1,400	1,800
OTHER ASSETS	2,036	3,803
TOTAL	$721,591	$791,642

LIABILITIES AND SHAREHOLDERS' EQUITY	June 30, 1992	December 31, 1991
DEPOSITS	$645,410	$685,686
DEPOSITS HELD FOR SALE	31,834	25,606
ADVANCES FROM FEDERAL HOME LOAN BANK		40,000
OTHER LIABILITIES AND ACCRUED EXPENSES	6,955	6,715
DEFERRED INCOME TAXES	3,030	2,141
Total	687,229	760,148
SHAREHOLDERS' EQUITY:		
Preferred stock, no par value: Authorized - 30,000 shares; Issued - none		
Serial Preferred stock, $25 par value: Authorized - 1,000,000 shares; Issued - none		
Common stock, $1 par value: Authorized - 30,000,000 shares; Issued-6,452,422 shares at June 30, 1992 and December 31, 1991	6,452	6,452
Additional capital	31,518	31,518
Accumulated deficit	(1,809)	(4,677)
Total	36,161	33,293
Treasury stock - at cost, 238,519 common shares	(1,799)	(1,799)
Total	34,362	31,494
TOTAL	$721,591	$791,642

See the accompanying notes to condensed consolidated financial statements.

FIRST WESTERN FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENT OF CONSOLIDATED OPERATIONS
FOR SIX MONTHS ENDED JUNE 30, 1992 AND 1991
(In thousands, except for share data)
(Unaudited)

	June 30,	
	1992	1991
INTEREST INCOME:		
Interest on loans	$ 19,112	$ 24,223
Interest on mortgage-backed securities	7,511	23,205
Interest on investments	2,515	4,886
Total	29,138	52,314
INTEREST EXPENSE:		
Interest on deposits	18,448	29,499
Interest on borrowings	176	14,509
Total	18,624	44,008
NET INTEREST INCOME	10,514	8,306
PROVISION FOR LOAN LOSSES	130	52
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	10,384	8,254
NONINTEREST INCOME:		
Loan and consumer banking fees	763	816
Income from operation and sale of real estate	443	686
Recovery on non-investment grade securities at lower of cost or market		889
Provision for losses - real estate owned		(1,950)
Gain from sale of loans	447	
Gain from sale of mortgage-backed securities		2,329
Other	105	35
Total	1,758	2,805
NONINTEREST EXPENSE	7,603	9,519
INCOME BEFORE INCOME TAXES	4,539	1,540
PROVISION FOR INCOME TAXES	1,671	1,075
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	2,868	465
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		(36,850)
NET INCOME (LOSS)	$ 2,868	$(36,385)
EARNINGS PER COMMON SHARE:		
Income before cumulative effect of change in accounting principle	.46	.08
Cumulative effect of change in accounting principle		(5.93)
Net income (loss)	$ .46	$ (5.85)

See the accompanying notes to condensed consolidated financial statements.

FIRST WESTERN FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENT OF CONSOLIDATED OPERATIONS
FOR THREE MONTHS ENDED JUNE 30, 1992 AND 1991
(In thousands, except for share data)
(Unaudited)

	June 30,	
	1992	1991
INTEREST INCOME:		
Interest on loans	$ 9,198	$ 11,896
Interest on mortgage-backed securities	3,559	12,254
Interest on investments	1,454	1,910
Total	14,211	26,060
INTEREST EXPENSE:		
Interest on deposits	8,561	14,548
Interest on borrowings	43	7,221
Total	8,604	21,769
NET INTEREST INCOME	5,607	4,291
PROVISION FOR LOAN LOSSES	80	52
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,527	4,239
NONINTEREST INCOME:		
Loan and consumer banking fees	377	432
Income from operation and sale of real estate	296	405
Recovery on non-investment grade securities at lower of cost or market		389
Provision for losses - real estate owned		(1,950)
Gain from sale of loans	39	
Gain from sale of mortgage-backed securities		816
Other	10	3
Total	722	95
NONINTEREST EXPENSE	3,896	4,587
INCOME BEFORE INCOME TAXES	2,353	(253)
PROVISION FOR INCOME TAXES	871	431
NET INCOME (LOSS)	$ 1,482	$ (684)
NET INCOME (LOSS) PER COMMON SHARE	$ .24	$ (.11)

See the accompanying notes to condensed consolidated financial statements.

FIRST WESTERN FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 1992 AND 1991
(In thousands)
(Unaudited)

	June 30,	
	1992	1991
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,632	$ 4,857
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturing certificates of deposit		40,000
Proceeds from maturities of investments	78,405	41,574
Investment in certificates of deposit	(29,250)	(10,000)
Purchase of investments	(41,438)	(10,040)
Proceeds from sale of investments		1,830
Net decrease (increase) in federal funds sold	(41,252)	21,923
Principal collected on loans	68,840	45,993
Principal collected on mortgage-backed securities	32,162	40,864
Mortgage-backed securities purchased	(966)	(347,991)
Loans originated or purchased	(32,793)	(9,012)
Proceeds from sales of loans	35,541	
Real estate development costs	(25)	(1,475)
Capital expenditures	(1,001)	(12)
Proceeds from sales of mortgage-backed securities		289,110
Proceeds from sales of real estate owned	1,665	297
Proceeds from sale of FHLB stock	2,600	
Net cash provided by investing activities	72,488	3,061
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in deposit accounts	(34,048)	18,444
FHLB advance payments	(40,000)	(28,200)
Dividends paid		(560)
Proceeds from exercise of stock options		67
Net cash used in financing activities	(74,048)	(10,249)
NET INCREASE (DECREASE) IN CASH	7,072	(2,331)
CASH AT BEGINNING OF PERIOD	14,461	14,541
CASH AT END OF PERIOD	$ 21,533	$ 12,210

See the accompanying notes to condensed consolidated financial statements.

FIRST WESTERN FINANCIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FORM 10-Q

June 30, 1992

1. The accompanying condensed consolidated financial statements have been prepared by the Company and are unaudited except for the consolidated balance sheet as of December 31, 1991. The financial statements have been prepared in accordance with generally accepted accounting principles, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying financial statements include all adjustments (of a normal recurring nature) which are necessary for a fair presentation of the results for the interim periods presented. Certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's report on Form 10-K for the fiscal year ended December 31, 1991.

   The Condensed Statement of Consolidated Operations for the six months ended June 30, 1992, is not necessarily indicative of the results that will be achieved for the entire year.

2. Earnings per common share are computed based on the weighted average number of common shares outstanding (6,213,903 for the six months ended June 30, 1992, and six months ended June 30, 1991).

3. At March 31, 1992, First Western Bank entered into an agreement to sell the outstanding credit card accounts. This transaction is scheduled to close during the third quarter of 1992. The remainder of loans held for sale represents single family, fixed-rate residential loans of $1,620,000, which have a market value which approximates book value.

4. Deposits held for sale of $31,834,000 represent the Wenatchee, Incline, and Tacoma branches. The Tacoma branch sale closed on July 10, 1992. The Wenatchee and Incline branch sales are expected to close in the third and fourth quarter, respectively.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

The following discussion highlights only items relating to liquidity and capital resources that are significant or material changes since December 31, 1991.

First Western's primary sources of funds consist of customer deposits, the collection of principal and interest payments on loans and mortgage-backed securities and the sale of loans and mortgage-backed securities.

For the period ended June 30, 1992, the Company's principal funding source was scheduled loan payments, loan prepayments, and sale of loans in the secondary market.

First Western uses its capital resources primarily to meet its commitments to fund maturing savings certificates and savings withdrawals, repay borrowings, fund existing and continuing loan commitments, maintain its liquidity and meet operating expenses. For the period ended June 30, 1992, the Company's liquidity and funding sources were principally used to pay off $40 million in FHLB advances. During the six month period ending June 30, 1992, deposits decreased by $34 million and loan prepayments increased due to the current low interest rate environment.

The decrease of 30% in real estate owned was primarily the result of sale of the Kellogg Lakes apartments in metropolitan Portland, Oregon for $7.6 million. A new loan of $6.4 million was originated on the Kellogg Lakes apartment complex.

The increase in premises and equipment is due to the acquisition of a new building for the Decatur branch. The branch was relocated on July 20, 1992. First Western also opened a temporary facility on August 3, 1992 to better serve the Northwest area of Las Vegas. The permanent facility (Rainbow Ridge branch) is expected to be completed in 1993.

The sale of the Tacoma, Washington branch closed on July 10, 1992, and the sale of the Wenatchee, Washington branch is scheduled to close on September 25, 1992. This is consistent with the Company's business strategy to focus its retail operations in Nevada.

A Bank's liquidity is measured, for regulatory purposes, by the ratio of liquid assets to the sum of withdrawable deposits, plus borrowings payable within one year. This percentage, which has been 5% in recent years, is a regulatory minimum established and changed from time to time by the Office of Thrift Supervision ("OTS"). The qualified regulatory liquidity percentage was 16.02% for the Bank and 7.45% for FWW for June 1992.

Dividends from the Bank constitute the Company's primary source of funds. However, due to prior regulatory restrictions and the substantial reduction in the Bank's earnings in 1991, no dividends were paid by the Bank during 1991 and to date in 1992. In addition, the Bank's ability to pay dividends is subject to a number of regulatory restrictions. In management's opinion, such restrictions will not impair First Western's ability to meet its liquidity needs. At June 30, 1992, both the Bank and FWW exceeded

the three required capital ratios and were in compliance with the qualified thrift lender test. The following table summarizes the regulatory capital compliance levels of FWB at June 30, 1992:

FWB	Actual	Required	Excess
	(dollars in thousands)		
Tangible capital	$33,413	$10,810	$22,603
Tangible capital ratio	4.64%	1.50%	3.14%
Core capital	$33,476	$21,621	$11,855
Core capital ratio	4.64%	3.00%	1.64%
Risk-based capital	$34,938	$24,937	$10,001
Percent of risk-weighted assets	10.09%	7.20%	2.89%

Material Changes in Results of Operations

The Company's earnings increased from $465,000 before cumulative effect of change in accounting principle in the first six months of 1991 to net income of $2.9 million in the first six months of 1992.

Net Interest Income

Net interest income after provision for loan losses increased by $2.1 million or 26% in the first six months of 1992 compared to the first six months of 1991. Following is a table presenting an analysis of interest-earning assets and resultant yields, and interest-bearing liabilities and related interest expense, expressed in dollars and rates, and the net interest spread.

(Dollars in thousands)	Six Months Ended June 30, 1992 Average Balances(1)	1992 Interest	1992 Yield/ Rate	1991 Average Balances(1)	1991 Interest	1991 Yield/ Rate
Interest-earning assets:						
Loans & mortgage-backed securities	$ 604,465	$26,623	8.81%	$ 962,776	$47,428	9.85%
Investments	86,178	2,391	5.55	120,791	4,311	7.14
Other interest-earning assets	7,718	124	3.21	18,068	575	6.36
Total	$ 698,361	29,138	8.34	$1,101,635	52,314	9.50
Interest-bearing liabilities:						
Deposits	$ 693,208	18,448	5.32	$ 807,133	29,499	7.31
FHLB advances	4,258	89	4.18	317,142	14,439	9.11
Other borrowed money	1,317	86	13.06	1,325	70	13.00
Total	$ 698,783	18,623	5.33	$1,125,600	44,008	7.82
Net interest income		$10,515			$ 8,306	
Net interest spread			3.01%			1.68%
Net yield on interest-earning assets			3.01%			1.51%

(1) Average balances were computed using daily balances.

As reflected in the preceding table, the change in net interest income is the result of a combination of factors.

The average balance of interest-earning assets decreased by $403 million or 37% in the first six months of 1992 compared to the first six months of 1991. This decrease is due to the intentional reduction of short-term, lower yielding investments primarily resulting from balance sheet restructuring during 1991. The average balance of loans and mortgage-backed securities ("MBS") decreased by $358 million or 37% for the six months ended June 30, 1992, compared to the same period in 1991. This decrease is primarily due to management's decision to downsize and strengthen regulatory capital ratios. The decrease in interest earning assets and interest income of $23 million for the six months ending June 30, 1992, compared to the same period in 1991, is the result of the downsizing and the lower yield due to response to the lower interest rate environment.

Interest income on investments decreased by $1.9 million or 45% in the six months ended June 30, 1992, compared to the same period in 1991. The decrease in interest income on investments is largely due to a decrease of $35 million in the average investment balance for the first six months of 1992 compared to the first six months of 1991. The decrease in the average investment balance relates to the investment shift from short-term investments due to the lower interest rates. In addition, the investment yield decreased by 159 basis points during the first six months of 1992 compared to the same period in 1991, which as discussed, is reflective of the overall trend in market interest rates.

Other interest earning assets average balance decrease of $10 million or 57% in the six months ended June 30, 1992, compared to the same period in 1991, is due to the sale of FHLB stock in the latter part of 1991 and in 1992 primarily because of its lower dividend rates. The yield on FHLB stock from the Federal Home Loan Bank of San Francisco decreased by 320 basis points from June 1991 to June 1992.

In a comparison of the first six months of 1992 and 1991, total interest expense related to interest-bearing liabilities decreased by $25 million or 58% from 1991 to 1992. This decrease is consistent with the decrease in total interest-bearing liabilities. Interest expense on deposits decreased by $11 million or 37% in the six months ended June 30, 1992 compared to the like period in 1991. A decrease in the average balance of deposits in the first six months of 1992 compared to 1991 affects the decrease in deposit interest expense along with the cost of deposits decreasing by 199 basis points due to the drop in market interest rates.

The Company continues to experience some deposit outflow during 1992. The average balance of deposits declined by $113 million or 14% in the six months ended June 30, 1992, compared to the like period of 1991. The primary factors contributing to this decrease are the sale in December 1991 of the Company's deposits in Oregon branches and declining market rates which have caused the public to seek other, higher yielding investments.

The average balance of FHLB advances decreased by $313 million or 99% and related interest costs decreased by 493 basis points in a comparison of the first six months of 1992 and 1991. These changes primarily relate to the Company's restructuring during 1991 and the resultant prepayment of FHLB advances.

The net interest spread increased by 133 basis points in the six months ended June 30, 1992, compared to the same period in 1991. The cost of deposits decreased by 199 basis points while the yield on loans and MBS decreased by 104 basis points. The difference between interest-earning assets and interest-bearing liabilities improved at June 30, 1992, as the result of the Kellogg Lake Apartments sale which converted a nonearning asset to an interest-earning asset of $7.6 million.

Noninterest Income

Noninterest income decreased by $1 million or 37% in the first six months of 1992 compared to the same period of 1991. Fluctuations in components of noninterest income, generally of a nonrecurring nature, significantly impacted the results of operations for the first six months of 1992 and 1991. The six months ended June 30, 1992, includes profit from the sale of loans of about $447,000. Income from operation and sale of real estate of $443,000 in 1992 includes a loss of $43,000 resulting from the net effect of the Kellogg Lakes sale and operating expenses of Kellogg Lakes apartments in 1992. Real estate income of $686,000 in 1991 was largely comprised of income from real estate operations with no material gains or losses from real estate sales. The first six months of 1991 included an increase of $889,000 in the market value of non-investment grade securities. These securities were classified as non-investment grade in the fourth quarter of 1990 and, accordingly, had been classified as held for sale. During the first six months of 1991, as part of the Company's restructuring program to reduce exposure to interest-rate risk, fixed-rate MBS of $183 million were converted to adjustable-rate MBS resulting in a gain of $2.3 million.

Noninterest Expenses

Noninterest expenses decreased by $1.9 million or 20% in the six months ended June 30, 1992, compared to the six months ended June 30, 1991. The first six months of 1992 compared to the first six months of 1991 includes a $934,000 decrease in amortization of goodwill and the effect of additional cost containment efforts that the Company has implemented. The first six months of 1991 included expenses of about $400,000 related to the potential acquisition of the Company which was unexpectedly terminated in February 1991.

Quarter Ended June 30, 1992

Net earnings reflect income of $1,482,000 for the second quarter of 1992 compared to a loss of $684,000 for the second quarter of 1991. Fluctuations in net interest income for the second quarter of 1992 and 1991, respectively, are the primary reasons for the increase in net earnings as indicative of the overall trend in market interest rates and the Company's 1991 restructuring. The second quarter of 1991 includes certain provisions for losses on real estate of $2 million, which included $1.4 million related to a 4.8% interest in foreclosed property in Dallas, Texas, and $600,000 related to the Kellogg Lakes apartment project in Oregon. During the second quarter of 1991, the Company's noninvestment grade securities (Bally Grand 1st mortgage bonds) were sold realizing an appreciation in value of $389,000 since March 31, 1991. As part of the interest-rate risk restructuring program, certain fixed-rate MBS were sold in the second quarter of 1991, resulting in a net gain of $816,000. Noninterest expense decreased by $691,000 or 15%, which is primarily due to the decrease in amortization of goodwill as previously discussed.

Asset/Liability Management

Savings institutions are subject to interest-rate risk to the degree that their interest-bearing liabilities, consisting principally of deposits, FHLB advances and other borrowings, mature or reprice more rapidly, or on a different basis, than their interest-earning assets, which consist predominantly of intermediate or long-term real estate loans. While having liabilities that mature or reprice more frequently on average than assets may be beneficial in times of declining interest rates, such an asset/liability structure may result in declining net earnings during periods of rising interest rates, unless offset by increases in noninterest income. One of First Western's primary financial objectives is to manage the interest rate risk inherent in its business by reducing the sensitivity of its earnings to interest rate fluctuations, improving its interest rate spread, improving the ratio of its interest-earning assets to interest-bearing liabilities and achieving a better matching of the maturities and interest rate sensitivities of its assets and liabilities. The Company's primary emphasis during 1992 to reduce exposure to interest-rate risk is the focus on origination of principally adjustable-rate loans for retention in its portfolio.

FIRST WESTERN FINANCIAL CORPORATION

PART II. OTHER INFORMATION

ITEM 1. Litigation

First Western is plaintiff in an action filed against the Steiner Corporation - James L. Lewis, Trustee of the James L. Lewis and Mary Ann Lewis 1977 Living Trust; John H. Kerr, Jr. and Majorie A. Kerr, Trustees of the John H. Kerr 1978 Living Trust; A.J. Smith; and Ernst & Whinney in District Court, Clark County, Nevada.

Defendants have been granted a new trial as of April 21, 1992. As a result of this decision, the Court released the defendant's $5,000,000 which had been deposited in a court-supervised trust account. First Western has filed notice of intent to appeal this decision.

ITEM 6. Exhibits and Reports on Form 8-K

No report on Form 8-K was filed during the quarter covered in this report.

S I G N A T U R E S

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST WESTERN FINANCIAL CORPORATION

/s/ Catherine A. Sourk
Catherine A. Sourk
Senior Executive Vice President,
Treasurer, and Principal Financial Officer

August 13, 1992
Date

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